

MINUTES OF THE MEETING  
INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY

November 16, 2005

**MEMBERS PRESENT:** Ryan C. Kitchell, Vice Chairman; Lance Rhodes; William Lister; Sue Scholer; Kenneth Metzger; and Kelly Borrer.

**ALSO PRESENT:** Lynda Hanna, John Pease, Sharon Karst, John Porzuczek and Mark Gastineau, JP Morgan; Brenda Horn, and Todd Ponder, Ice Miller; John Meade, Hall Render; Ken Assiran, The GMS Group, L.L.C.; Alan Feldbaum, Barnes & Thornburg; Curt Fritsch, CRF Financial Group; John Diehl, Methodist Hospitals (Gary); Bonnie Coleman, Hodges & Davis; Keri Trolson, Piper Jaffray; Richard Speller, DePauw University; Michael Tym, Ponder & Co.; Robyn Grant, United Senior Action of Indiana; Linda Meador, ICI; Robert E. Martin, IEFA; Randy Ruhl, City Security Corp.; James McDaniel, Baptist Homes of Indiana; Rachelle Lore; Amy Corsaro; and Dan Kramer.

The Vice Chairman welcomed those in attendance, recognized the presence of a quorum and called the meeting to order at 11:00 a.m. on November 16, 2005, in Room 110, One North Capitol, Indianapolis, Indiana, pursuant to notice thereof.

The Chairman asked for approval of the Minutes of the October 26, 2005 meeting of the Indiana Health and Educational Facility Financing Authority. Thereupon, upon motion made by Mr. Rhodes and seconded by Ms. Borrer, it was unanimously:

**RESOLVED**, the Minutes of the October 26, 2005, meeting of the Indiana Health and Educational Facility Financing Authority are hereby approved and the Executive Director is instructed to execute same and to place same in the Minute Book as the Minutes of the October 26, 2005, Meeting of the Indiana Health and Educational Facility Financing Authority.

Mr. Kitchell then checked with the board in regards to the acceptability of the scheduled December 14, 2005 meeting, all were agreeable to that date.

Mr. Kitchell then asked for the Executive Director's Report.

EXECUTIVE DIRECTOR'S REPORT

A copy of the Executive Director's Report is attached hereto as Exhibit A.

The Executive Director began his report by informing Members that the Clarian Health Partners transaction closed on November 15, 2005 and the Harrison County Hospital transaction closed on November 10, 2005.

The Executive Director continued with the next item on the agenda, the Revised Final Resolution for American Eagle LifeCare in an amount not to exceed \$19,000,000. The Executive Director introduced Alan Feldbaum of Barnes & Thornburg, bond counsel, and Mike Tym from Ponder & Co., to discuss the Revised Resolution.

Mr. Feldbaum began by introducing Ken Assiran, Managing Director with GMS Group, the underwriter on this transaction, and John Meade of Hall Render, local counsel for American Eagle LifeCare. Mr. Feldbaum informed Members that all three components of bonds associated with the American Eagle LifeCare issue have been sold with the exception of one. American Eagle LifeCare sought to replace the current fixed interest rate structure of this component with a variable interest rate. They have come before the board to obtain a revision of the previous Resolution passed in October to reflect the change in interest terms.

Thereupon, upon motion made by Ms. Borrer and seconded by Mr. Metzger, it was unanimously:

**RESOLVED**, the Revised Final Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Health Care Revenue Bonds (American Eagle LifeCare Project), in the principal amount not to exceed \$19,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit B.

The Executive Director continued with the next item on the agenda, the recognition of service to the Indiana Educational Facilities Authority, Mrs. Linda Meador and Dr. Robert Martin. Mrs. Meador had been with the Authority for over 15 years, in addition to the financing aspects that the Authority undertook: she was also involved in the administrative duties for the Indiana Conference of Higher Education; including Operation Expanded Horizons in conjunction with the Department of Veteran's Affairs, and the administrative personnel directory of Indiana Public and Independent Colleges.

Dr. Martin has given to the Authority, as well as the State of Indiana. In the past he has been a public school principal and superintendent, as well Director of Education at the Indiana State Chamber of Commerce. While there he was instrumental in the formation of Ivy Tech and served as the first President on an interim basis, and later served as Dean. He also successfully lobbied for the formation of the Indiana Educational Facilities Authority, which was established in 1979. He served as the first Executive Director and served there until the early 1990's when Dr. Lou Gatto became Executive Director. Dr. Martin remained as the Assistant Executive Director and has served in that capacity ever since.

The Executive Director continued his report with the next item on the agenda, the 1985A Pool Loan Application from The Methodist Hospitals, Inc. (Gary) in an amount not to exceed \$5,500,000, the purpose of which is to purchase equipment to expand the outpatient diagnostic imaging capacity at the Merrillville campus. The Executive Director then reminded Members that MBIA has the final decision regarding this loan, and it has been approved subject to minor changes in the form of the Letter of Credit. The Executive Director then introduced Brenda Horn of Ice Miller, bond counsel, Bonnie Coleman, hospital counsel, and John Diehl, Vice President of Finance, The Methodist Hospitals to discuss the application.

Mr. Diehl began his presentation by reminding Members that The Methodist Hospitals, Inc. have borrowed from the 1985A Program in the past, and have paid the loan in full. This project is part of an expansion of outpatient services at the Merrillville campus. Currently outpatient services are performed at the same facility as the inpatient services, causing outpatient services to be bumped in favor of emergency procedures. The first component of the project is to equip an existing building on the campus with radiology equipment for outpatient services. The second portion would be a center for breast health to better serve the needs of women with breast care. The loan would primarily be used to furnish the equipment for these facilities.

Mr. Kitchell then asked Members if there were any questions. Ms. Borrer asked if the JCAHO accreditation decision scheduled on October 26, 2005 had been passed, to which Mr. Diehl answered in the affirmative. There were recommendations, and those have been followed. There were no further questions.

Thereupon, upon motion made by Mr. Metzger and seconded by Ms. Borrer, it was unanimously:

**RESOLVED**, that the Authority hereby authorizes JP Morgan Trust Company, as Trustee, to take such actions as are necessary to lend \$5,500,000 from the Authority's 1985A Variable Rate Bond Issue Account to The Methodist Hospitals, Inc., upon obtaining final approval of the loan from MBIA as well as the necessary and proper documentation for such loan evidencing compliance with all requirements of the 1985A Program, including all requirements of MBIA.

~~A copy of the Resolution is attached hereto as Exhibit D.~~

The Executive Director continued his report with the next item on the agenda, the Preliminary Resolution for DePauw University in an amount not to exceed \$90,000,000. The Executive Director introduced Todd Ponder from Ice Miller, Richard Speller, Vice President of Finance for DePauw University, and Keri Trolson from Piper Jaffray.

Mr. Ponder began by informing Members that the Bond has three purposes; to refund Series 2002 and 2003 Bonds, finance construction of additions and renovations to the Performing Arts Center, and to finance construction and renovation of two residence halls and other renovations. Mr. Ponder stated that the Performing Arts Center was in serious need of renovation, the facilities are currently over 25 years old and a donor has already contributed

\$15, 000,000 to the project. The residence halls will be receiving a new sprinkler systems, HVAC replacement and upgrades, as well as elevator improvements.

Mr. Kitchell questioned what kind of savings would be seen in refunding the existing Bonds, to which Mr. Ponder answered, they were projecting roughly \$160,000 per year throughout the duration, and \$1,000,000 profit overall. Ms. Borrer asked how much of the projected cost of issuance, capitalized interest and contingency estimated at \$9,500,000 would be due to the contingency, to which Mr. Ponder and Mr. Kramer answered that the \$9,500,000 was a generous estimation allowing for unforeseen construction costs and other such miscellany.

Thereupon, upon motion made by Mr. Lister and seconded by Ms. Borrer, it was unanimously:

**RESOLVED**, the Preliminary Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Educational Facilities Revenue Bonds, Series 2005 (DePauw University Project), in the principal amount not to exceed \$90,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

Ms. Scholer abstained from voting.

A copy of the Resolution is attached hereto as Exhibit E.

The Executive Director continued his report with the next item on the agenda, the Final Resolution regarding Baptist Homes of Indiana in an amount not to exceed \$50,000,000. The Executive Director then introduced Brenda Horn of Ice Miller, bond counsel, and Jim McDaniel, Vice President of Baptist Homes.

Ms. Horn began by stating that a portion of this Bond will be to refinance existing debt from a variable rate to a fixed interest rate, as well as to finance construction of additional Duplex independent living units in Zionsville and Fort Wayne, as well as other capital improvement projects.

Thereupon, upon motion made by Ms. Borrer and seconded by Ms. Scholer, it was unanimously:

**RESOLVED**, the Final Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Revenue Bonds, Series 2005 (Baptist Homes of Indiana Obligated Group), in the principal amount not to exceed \$50,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit F.

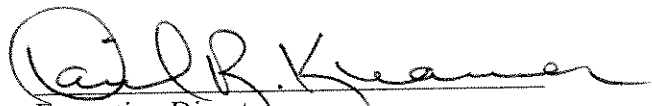
The Executive Director continued his report with the next item on the agenda, the discussion regarding long term investments. The Executive Director pointed out that the final page in Members' packets shows the Cash and Investments as of November 11, 2005, and there is a balance being held in government securities and CD's. This balance is in excess of approximately \$6,000,000 over the equivalent 365 days of operating expenses. Mr. Kramer predicted that this coming year will also be in the black due to the substantial savings resulting from the consolidation of the old health and education authorities. Mr. Kramer stated that Mr. Kitchell has been approached by the Indiana Seed Fund of BioCrossroads, and that two officials from this fund could be present at the December meeting if the Authority is interested in hearing additional details. Mr. Kramer pointed out that this potential investment would have the highest risk/return ratio associated with it. Mr. Kramer reminded Members that this investment relates to the investment policy of the Authority, not the transaction policy. As such, the Authority must follow the guidelines in the Investment Policy.

Among other points raised in the approximately twenty minute discussion, Mr. Lister questioned the viability of contributing a portion of the Authority's fund balance to the State deficit. It was decided to invite representatives of BioCrossroads to the December meeting and to continue the conversation after seeing the presentation by BioCrossroads and hearing the details of the proposed investment.

The Executive Director concluded his report.

There being no further business, the meeting was adjourned.

Respectfully submitted,

  
Executive Director